



**THE PERFORMANCE OF CO-OPERATIVE ORGANIZATIONS
IN KELANTAN: A CASE STUDY OF KOPERASI
KAKITANGAN & KELUARGA AIR
KELANTAN BHD**

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NOVEMBER 2008

LETTER OF TRANSMITTAL

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Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached here with, is the project paper entitled “The Performance of Co-operative Organizations in Kelantan: A Case Study of Koperasi Kakitangan & Keluarga Air Kelantan Bhd” in fulfilling the requirement by the faculty of Business Management, MARA University of Technology.

I hope this project paper will fit the requirement and expectation of the subject matter. The code for this subject is FIN 667. I would also like to thank for all the guidance and support in this completion of project paper.

Thank you.

Yours sincerely,


.....
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ABSTRACT

This study is to evaluate the actual performance and how beneficial co-operative organizations towards its members, employees, customers, suppliers and others co-operatives as well as to the larger society. The co-operative performance can be done by analyzing the annual report or financial statement from a year to year. The measurements used in this study are ratio analysis, comparative financial statement analysis and common-size financial statement analysis to reveal the information and identify the problem occurred in the company. From the study, there are problems occurred within this organization such as, the duration of collection period is too long, the low gross and net profit margin, the low total inventory turnover, also high in cost of sales that lead to lower gross profit and net profit for the company. Besides that, the company also incurred high administration expenses that will lead to low net profit for the year. Therefore, the researcher comes out with a few recommendations to the company such as to upgrade the way of monitoring the sales and receivable. The company also needs to find the best supplier that can supply the materials with a lower cost. These recommendations will help the company to have a lower cost of sales and increase the net profit for the year.

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CHAPTER 1

INTRODUCTION

1.1 CHAPTER DESCRIPTION

In this chapter, it introduces the background of the company, the issues that are related with the study, the objectives, the scope, the limitation and the significance of the study.

1.2 BACKGROUND OF COMPANY

Koperasi Kakitangan dan Keluarga Air Kelantan Berhad, hereafter Kop-Air was established on 2001. It's started its operations on 27th June 2001 at Bangunan Petronas, Jalan Sultan Yahya Petra, 15200 Kota Bharu, Kelantan. But since 2006, the head office of Kop-Air moved to Lot 8B, Kawasan Industri Mara (KIM) Fasa 3, Jalan Padang Tembak, Pengkalan Chepa, 16100 Kota Bharu, Kelantan.

Kop-Air is operating their business with support by the members of Air Kelantan Sdn. Bhd. (AKSB) and almost every staffs of AKSB are joined the company. The members of Kop-Air need to pay a fixed fee of RM10 per month. Regarding the shares, the amount that the members need to pay is depending on them but the minimum is RM10. The family of members is encouraging to join the company if they are interested to do so. Until June 2008, the members of Kop-Air were 513.